

AMENDED IN SENATE MARCH 29, 2006

**SENATE BILL**

**No. 1754**

---

**Introduced by Senator Lowenthal**

February 24, 2006

---

An act to add ~~and repeal~~ Division 3 (commencing with Section 64100) ~~of to~~ Title 6.7 of the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1754, as amended, Lowenthal. Housing and ~~infill~~ infrastructure financing districts.

The Community Services District Law identifies the procedures for district formation and specifies the services that a district may provide. Among those services are the acquisition, construction, improvement, maintenance, and operation of recreation facilities, including parks and open space; and community facilities, including libraries, and child care facilities; supplying water for any beneficial use, the collection, treatment or disposal of sewage, waste water, recycled water, storm water, and solid waste; and the acquisition, construction, improvement, and maintenance of streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works.

~~The Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank within state government and authorizes the bank to perform various activities in providing or arranging for the financing of specified economic development projects, including the issuance of specified types of bonds. Existing law requires the bank to establish criteria, priorities, and guidelines for the selection of projects to receive assistance from the bank.~~

The Community Redevelopment Law authorizes redevelopment agencies to pay the principal of, and interest on, indebtedness incurred to finance or refinance redevelopment, from a portion of property tax revenues diverted from other taxing agencies. The portion of taxes diverted is the amount attributable to increases in assessed valuation of property in the redevelopment project area subsequent to establishment thereof. This method of financing is commonly known as “tax increment” financing and is specifically authorized by Section 16 of Article XVI of the California Constitution.

Existing law requires a redevelopment agency to use at least 20% of its tax increment revenues to increase, improve, and preserve low- and moderate-income housing available at affordable cost to persons and families of low or moderate income and lower, very low, and extremely low income households unless the agency makes certain findings. Under existing law, there are programs that provide assistance for, among other things, multifamily housing, emergency housing, farmworker housing, and homeownership for low- and very low income households, and that provide downpayment assistance for first-time homebuyers.

This bill would establish a pilot project allowing for the formation, under criteria developed by *specified* councils of governments *and the Business, Transportation and Housing Agency*, of 5 housing and ~~infill~~ infrastructure financing districts *in the state*. A city or county would be eligible to apply to its council of governments or the ~~California Infrastructure and Economic Development Bank~~ agency, *as applicable*, in order to establish a ~~district housing and infrastructure zone within the district~~. By requiring the councils of governments to develop criteria and ~~before perform~~ other duties with respect to the selection and establishment of ~~districts zones~~, the bill would impose a state-mandated local program.

The bill would authorize a district to finance the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of real or other tangible property, for various purposes, including interchanges, ramps and bridges, arterial streets, parking facilities, transit facilities, sewage treatment and water reclamation plants and interceptor pipes, facilities for the collection and treatment of water for urban uses, child care facilities, libraries, parks, recreational facilities, open space, facilities for the transfer and disposal of solid waste, including transfer stations and vehicles, and

housing. A district would be authorized to issue bonds and to engage in a type of tax increment financing for these purposes.

The pilot project would end on ~~January 1, 2028~~ *a specified date*, but the district would receive tax increment revenues for a period of 20 years from the date the district was established, plus an additional 10 years solely for the repayment of debt incurred ~~before January 1, 2028~~ *prior to that date*.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. The Legislature finds and declares all of the*
- 2     *following:*
- 3     *(a) Local governments face significant fiscal impediments to*
- 4     *financing the development and upgrading of essential*
- 5     *infrastructure, including streets, parking facilities, water and*
- 6     *sewer systems, and parks, to serve new high-density housing.*
- 7     *(b) The existing pattern of residential development will*
- 8     *continue to absorb valuable farmland and open space and be*
- 9     *located in areas that are not served by adequate transportation*
- 10    *and other essential utilities and services, unless incentives are*
- 11    *provided to locate high-density residential development in a*
- 12    *manner that is consistent with protecting the state's most*
- 13    *valuable natural resources, encouraging efficient development*
- 14    *patterns.*
- 15    *(c) It is therefore the intent of the Legislature in enacting this*
- 16    *act to support and contribute to the financing of this*
- 17    *infrastructure and to accomplish all of the following:*
- 18    *(1) Encourage the location of high-density housing so as to*
- 19    *use available land more efficiently by complementing and*

1 *enhancing regional transportation, air quality, and other*  
2 *regional investments, priorities, and strategies.*

3 *(2) Preserve farmland by encouraging high-density housing*  
4 *sited in accordance with regional growth plans.*

5 *(3) Provide incentives to ensure that development occurs*  
6 *where it makes most sense through a partnership between the*  
7 *state, the local agency, and the private developer.*

8 *(4) Establish a voluntary pilot project to determine whether*  
9 *providing resources to local governments for infrastructure and*  
10 *services needed for the concentrated development of high-density*  
11 *housing will lead to a higher level of housing constructed in*  
12 *locations that match regionally determined growth principles.*

13 *(5) Recognize and protect the principle of local control of*  
14 *local land use authority of individual cities and counties, while*  
15 *providing additional resources to jurisdictions that are willing to*  
16 *approve the development of high-density housing in locations*  
17 *where a more intensified level of development will yield broader*  
18 *regional benefits.*

19 *(6) Include reasonable accountability measures that will*  
20 *inform the state of the progress of the pilot project, including*  
21 *how and where the new financing mechanism adopted pursuant*  
22 *to this act is used.*

23 *SEC. 2. Division 3 (commencing with Section 64100) is*  
24 *added to Title 6.7 of the Government Code, to read:*

25  
26 *DIVISION 3. HOUSING AND INFRASTRUCTURE*  
27 *FINANCING ACT OF 2006*

28  
29 *CHAPTER 1. GENERAL PROVISIONS*  
30

31 *64100. For the purposes of this division, the following terms*  
32 *shall have the following meanings:*

33 *(a) "Council of governments" means the Association of Bay*  
34 *Area Governments, the Southern California Association of*  
35 *Governments, the San Diego Association of Governments, or the*  
36 *Sacramento Area Council of Governments.*

37 *(b) "County," with respect to geographical area, means the*  
38 *unincorporated area of the county only.*

39 *(c) "Housing and infrastructure financing district" means a*  
40 *legally constituted governmental entity established pursuant to*

1 *this division for the sole purpose of financing housing, and the*  
2 *infrastructure necessary to serve that housing, within the zones*  
3 *established pursuant to this division.*

4 (d) *“Housing and infrastructure zone” means an area within*  
5 *a city or the unincorporated area of a county in which housing or*  
6 *infrastructure if financed by a housing and infrastructure*  
7 *financing district pursuant to a housing and infrastructure plan*  
8 *adopted pursuant to Section 64120.*

9 (e) *“Low-income families” has the same meaning as that set*  
10 *forth for “lower income households” in Section 50079.5 of the*  
11 *Health and Safety Code.*

12 (f) *“Moderate-income families” has the same meaning as that*  
13 *set forth for “persons and families of low or moderate income”*  
14 *in Section 50093 of the Health and Safety Code.*

15 (g) *“Very low income families” has the same meaning as that*  
16 *set forth for “very low income households” in Section 50105 of*  
17 *the Health and Safety Code.*

18 (h) *“School entities” has the same meaning as that set forth in*  
19 *subdivision (f) of Section 95 of the Revenue and Taxation Code.*

20 64101. (a) *This division shall be known and may be cited as*  
21 *the Housing and Infrastructure Financing Act of 2006.*

22 (b) *There is hereby established a pilot project allowing for no*  
23 *more than five housing and infrastructure financing districts*  
24 *throughout the state for the purpose of financing the construction*  
25 *of housing and the infrastructure necessary to serve that housing*  
26 *in 100 specifically identified zones.*

27 (c) *It is the priority of the state in implementing this pilot*  
28 *project to promote high-density housing development close to*  
29 *jobs and transit and reduce vehicle miles traveled by promoting*  
30 *pedestrian-oriented connections between residential and*  
31 *commercial components of the district.*

32 64102. (a) *This division shall become inoperative 20 years*  
33 *after the date the last zone is authorized pursuant to Chapter 6*  
34 *(commencing with Section 64150).*

35 (b) *Notwithstanding subdivision (a), a housing and*  
36 *infrastructure financing district zone shall receive an allocation*  
37 *of funds pursuant to Section 64135 for a period of 20 years after*  
38 *the date the zone for which the district receives an allocation of*  
39 *funds was authorized pursuant to Chapter 6 (commencing with*  
40 *Section 64150), plus an additional period of 10 years solely for*

1 *the repayment of debt incurred prior to that date. In addition,*  
2 *any city or county shall continue to receive the allocation of*  
3 *funds calculated in accordance with subdivision (b) of Section*  
4 *64135.*

5  
6 *CHAPTER 2. HOUSING AND INFRASTRUCTURE FINANCING*  
7 *DISTRICTS AND HOUSING AND INFRASTRUCTURE ZONES*  
8

9 *64110. (a) There are hereby created five housing and*  
10 *infrastructure financing districts, the boundaries of which are*  
11 *each conterminous with the following, respectively:*

12 *(1) (A) The boundaries of the region represented by the San*  
13 *Diego Council of Governments.*

14 *(B) This district shall be known as the SANDAG District.*

15 *(2) (A) The boundaries of the regions represented by the*  
16 *Southern California Association of Governments.*

17 *(B) This district shall be known as the SCAG District.*

18 *(3) (A) The boundaries of the region represented by the*  
19 *Association of Bay Area Governments.*

20 *(B) This district shall be known as the ABAG District.*

21 *(4) (A) The boundaries of the region represented by the*  
22 *Sacramento Area Council of Governments.*

23 *(B) This district shall be known as the SACOG District.*

24 *(5) (A) Those areas of the state that are not included within a*  
25 *region represented by a council of governments.*

26 *(B) This district shall be known as the Rural Developing Area*  
27 *District and shall be under the jurisdiction of the Business,*  
28 *Transportation and Housing Agency.*

29 *(b) Except with respect to the Rural Developing Area District,*  
30 *the governing body of a housing and infrastructure financing*  
31 *district shall consist of the following members:*

32 *(1) Two members of the governing body of the council of*  
33 *governments for the area in which the district is located.*

34 *(2) One member appointed by the Funding Oversight*  
35 *Committee established pursuant to Section 64150.*

36 *(3) One member with professional training and experience in*  
37 *housing economics appointed by the governing body of the*  
38 *council of governments.*

1     (4) *One member with professional training and experience in*  
2 *government finance appointed by the governing body of the*  
3 *council of governments.*

4     (c) *The purpose of these districts is to finance the construction*  
5 *of housing, and the infrastructure necessary to serve that*  
6 *housing, within housing and infrastructure zones established*  
7 *pursuant to this chapter.*

8     64111. *Each council of governments and the agency*  
9 *described in Section 64110 may, on behalf of its respective*  
10 *district, establish housing and infrastructure zones within the*  
11 *region it represents, in response to an application received*  
12 *pursuant to Section 64114 as follows:*

13     (a) *The Southern California Association of Governments may*  
14 *establish up to and including 25 housing and infrastructure*  
15 *zones.*

16     (b) *The Association of Bay Area Governments may establish*  
17 *up to and including 20 housing and infrastructure zones.*

18     (c) *The San Diego Association of Governments and the*  
19 *Sacramento Area Council of Governments may each establish up*  
20 *to and including 15 housing and infrastructure financing zones.*

21     (d) *The Business and Transportation Agency may establish up*  
22 *to and including 25 housing and infrastructure zones.*

23     64112. (a) *On or before September 1, 2007, each council of*  
24 *governments identified in Section 64111 shall develop criteria*  
25 *for the establishment and location of housing and infrastructure*  
26 *zones within its region. Criteria may be developed, or be based*  
27 *upon, a collaborative regional growth vision, blueprint, or other*  
28 *similar regional planning effort that identifies areas and*  
29 *locations where additional job growth, high-density housing, or*  
30 *other development is preferred to be concentrated to complement*  
31 *and enhance regional transportation, air quality, and other*  
32 *regional priorities and strategies, including, but not limited to,*  
33 *reducing vehicle miles traveled and improving the regional*  
34 *jobs-housing balance. A council of governments may elect to use*  
35 *previously adopted criteria that meet the requirements of this*  
36 *paragraph.*

37     (b) *Each council of governments shall develop a process that*  
38 *includes the development of draft criteria and the opportunity for*  
39 *cities and counties within the region and the public to provide*  
40 *input before the draft criteria become final.*

1 (c) Each council of governments shall present the criteria  
2 developed pursuant to subdivision (a) to the Secretary of  
3 Business, Transportation and Housing and shall consider the  
4 comments of the secretary before adopting the final regional  
5 criteria if those comments are received within 120 days of the  
6 date the criteria were submitted to the secretary. The final  
7 regional criteria shall be adopted no later than March 1, 2008.

8 64113. (a) On or before March 1, 2008, the Secretary of  
9 Business, Transportation and Housing shall adopt criteria for the  
10 establishment and location of housing and infrastructure zones  
11 within the Rural Developing Area District. The criteria shall be  
12 consistent with the priorities described in Section 65041.1. Prior  
13 to final adoption of the criteria, the secretary shall submit draft  
14 criteria for review and comment to the Department of Finance,  
15 the Department of Housing and Community Development, the  
16 Office of Planning and Research, and the Secretary of the  
17 Resources Agency. The secretary shall consider the comments  
18 prior to adopting the final criteria no later than March 1, 2008.

19 (b) The secretary shall develop a process that includes the  
20 development of draft criteria and the opportunity for cities and  
21 counties within the district and the public to provide input before  
22 the draft criteria become final.

23 64114. (a) No later than January 1, 2009, a city or a county  
24 may file an application requesting that the council of  
25 governments for the region in which it is located, or the  
26 Secretary of Business, Transportation and Housing in the Rural  
27 Developing Area District, to establish one or more housing and  
28 infrastructure financing zones within its jurisdictional  
29 boundaries.

30 (b) The application shall demonstrate how the location of the  
31 zone conforms to the criteria established pursuant to Section  
32 64112 or 64113, as applicable, and shall include the plan  
33 described in Section 64120.

34 64115. (a) (1) A council of governments shall evaluate each  
35 application submitted by a city or county within its boundaries  
36 pursuant to Section 64114, determine whether the location of the  
37 proposed zone is consistent with the established criteria and the  
38 benefits the region will achieve from implementation of the plan  
39 described in Section 64120 that was submitted with the  
40 application, and rank those applications that conform to the



1 *criteria. Draft rankings shall be presented at one or more public*  
2 *hearings and shall be modified as appropriate following the*  
3 *receipt of public input.*

4 *(2) No later than July 1, 2009, after the conclusion of the*  
5 *period of public input and modification, the council of*  
6 *governments shall publish its proposed rankings. An applicant*  
7 *city or county may appeal the proposed rankings to the*  
8 *governing body of the council of governments if a ranking fails to*  
9 *comply with the selection criteria developed by the region.*

10 *(3) No later than September 1, 2009, after consideration of*  
11 *any information presented during the appeals process, the*  
12 *council of governments shall adopt its final rankings and submit*  
13 *its recommendation of the location of housing and infrastructure*  
14 *zones within its region to the Secretary of Business,*  
15 *Transportation and Housing.*

16 *(b) The secretary shall evaluate each application submitted by*  
17 *a city or county within the Rural Developing Area District,*  
18 *determine whether the location of the proposed zone is consistent*  
19 *with the established criteria and the benefits the area will*  
20 *achieve from implementation of the plan described in Section*  
21 *64120 that was submitted with the application, and rank those*  
22 *applications that conform to the criteria. Draft rankings shall be*  
23 *presented at one or more public hearings and shall be modified*  
24 *as appropriate following the receipt of public input. No later*  
25 *than July 1, 2009, after the conclusion of the period of public*  
26 *input and modification, the secretary shall approve and publish*  
27 *its rankings for the Rural Developing Area District.*

28 *(c) No later than December 31, 2009, the secretary, after*  
29 *consideration of the ratings and rankings received by each*  
30 *council of governments, shall approve and publish the locations*  
31 *of the zones. It is the intent of the Legislature that the secretary*  
32 *defer to the recommendations and priorities of the councils of*  
33 *governments unless the secretary finds, based upon substantial*  
34 *evidence, that a recommended zone is inconsistent with the*  
35 *priorities described in Section 65041.1. If the secretary finds that*  
36 *a recommended zone is inconsistent with the priorities described*  
37 *in Section 65041.1, the council of governments shall have an*  
38 *opportunity to select a new location for approval by the*  
39 *secretary. The secretary may choose to reorder the rankings*

1 submitted by the council of governments after conferring and  
2 consulting with the council of governments.

3 (d) Within 10 days of approving the locations of the zones  
4 pursuant to subdivision (b), the secretary shall submit the list,  
5 and the list of zones chosen to be located within the Rural  
6 Developing Area District, to the Funding Oversight Committee.

7 64116. (a) A housing and infrastructure financing zone shall  
8 not be located within the boundaries of a redevelopment project  
9 area established pursuant to the Community Redevelopment Law  
10 (Part 1 (commencing with Section 33000) of Division 24 of the  
11 Health and Safety Code).

12 (b) In selecting zones, a priority shall be given to zones that  
13 achieve or exceed residential densities of at least 40 units per  
14 acre averaged across the zones. A zone may not be approved  
15 with densities less than 25 units per acre. Commercial, retail,  
16 office space, and other uses compatible with residential  
17 development may be included within a zone to serve the residents  
18 in the zone and the surrounding community.

19 (c) A zone shall include a minimum of 500 residential units.

20  
21 *CHAPTER 3. HOUSING AND INFRASTRUCTURE PLAN*  
22

23 64120. (a) An application submitted pursuant to Section  
24 64112 shall include a draft housing and infrastructure plan  
25 adopted by the city or county submitting the application.

26 (b) The plan shall include text and a diagram or diagrams that  
27 specify all of the following in detail:

28 (1) The distribution, location, and extent of residential uses,  
29 and commercial or mixed uses, if any, within the zone.

30 (2) The proposed densities of residential development in the  
31 zone in terms of units per acre.

32 (3) The proposed distribution, location, and extent and  
33 intensity of major components of public and private  
34 transportation, sewage, water, drainage, solid waste disposal,  
35 energy, parks, and other essential facilities proposed to be  
36 located within the zone covered by the plan and needed to  
37 support the housing described in paragraph (1). Infrastructure  
38 shall primarily support the residential development financed by  
39 the district.

1     (4) A program of implementation measures, including, but not  
2     limited to, regulations, programs, public works projects,  
3     residential development projects, and financing measures  
4     necessary to carry out paragraphs (1) and (2).

5     (5) A program to ensure that 20 percent of the housing within  
6     the zone financed by the district is affordable for low- and  
7     moderate-income families with not less than 5 percent affordable  
8     to very low income, 10 percent affordable to low-income, and 5  
9     percent affordable to moderate-income families.

10    (6) A program of services and mitigation measures required  
11    by the residential, commercial, or mixed uses included within the  
12    zone. These services and mitigation measures may also benefit  
13    existing residents and areas of the community affected by the  
14    development and may include improvements and services for  
15    streets, parks, libraries, environmental mitigation, schools, and  
16    other measures.

17    (c) The plan shall include a draft economic analysis that  
18    calculates the annual difference between revenues generated  
19    from development within the zone and the amount of revenue  
20    necessary to service debt for capital costs or to provide facilities  
21    and services, including the affordable housing required pursuant  
22    to paragraph (5) of subdivision (b), within the zone.

23    (d) The draft housing and infrastructure plan shall provide  
24    that residential development within the zone that is consistent  
25    with the general plan, zoning ordinance, housing and  
26    infrastructure plan, and other rules and regulations that apply to  
27    residential development within the jurisdiction, on the date that  
28    an application for residential development is deemed “complete”  
29    within the meaning of Section 65944, shall be a “use by right” as  
30    that phrase is defined in Section 65582.3.

31    (e) The city or county shall rezone or take any other action as  
32    might be necessary, including, but not limited to, amendments to  
33    its general plan and zoning ordinance, to implement the draft  
34    housing and infrastructure plan and allow development of  
35    residential uses within the zone within 90 days of the certification  
36    of the environmental document completed pursuant to Section  
37    64123.

38    64123. Within 30 days of the approval of a housing and  
39    infrastructure zone by the Secretary of Business, Transportation  
40    and Housing pursuant to Section 64115, the city or county shall

1 *initiate preparation of any document required by the California*  
2 *Environmental Quality Act (Division 13 (commencing with*  
3 *Section 21000) of the Public Resources Code) to adopt the*  
4 *housing and infrastructure plan prepared pursuant to Section*  
5 *64120.*

6 *64124. (a) A housing and infrastructure plan shall be*  
7 *prepared, adopted, and amended in the same manner as a*  
8 *general plan, except that a housing and infrastructure plan may*  
9 *be adopted by resolution or ordinance and may be amended*  
10 *when deemed necessary by the appropriate legislative body, to*  
11 *meet the objectives of the plan.*

12 *(b) A housing and infrastructure plan may be repealed in the*  
13 *same manner as it is required to be amended.*

14 *(c) After adoption of the plan, the city or county shall send a*  
15 *copy of the environmental document and the plan, as it may have*  
16 *been modified as a result of environmental review, to the housing*  
17 *and infrastructure financing district for its jurisdiction.*

18 *64125. (a) A housing and infrastructure financing district*  
19 *shall hold a public hearing to adopt the housing and*  
20 *infrastructure plan submitted pursuant to Section 64124. Notice*  
21 *of the public hearing shall be given in accordance with Section*  
22 *65091 and the plan shall be made available for public inspection.*

23 *(b) The governing body of the district shall review the draft*  
24 *economic analysis included with the plan that demonstrates the*  
25 *annual difference between revenues generated from development*  
26 *within the zone and the amount of revenue necessary service debt*  
27 *for capital costs or to provide facilities and services, including*  
28 *the affordable housing required pursuant to paragraph (5) of*  
29 *subdivision (b) of Section 64120. The governing body shall adopt*  
30 *a resolution identifying the amount calculated pursuant to this*  
31 *paragraph and send a copy of the resolution to the city or county*  
32 *and to the Funding Oversight Committee.*

33 *(c) The governing body of the district may modify the plan by*  
34 *reducing the cost of proposed housing or public facilities, by*  
35 *reducing the amount of proposed debt, or by reducing the*  
36 *portion, amount, or duration of incremental tax revenues to be*  
37 *committed to the district. The governing body of the district may*  
38 *not modify the plan by changing the amount, type, or character*  
39 *of the housing or public facilities that will be financed pursuant*  
40 *to the plan nor may the district disapprove the plan.*

1     *CHAPTER 4. FINANCING OF HOUSING AND PUBLIC FACILITIES*

2  
3     64130. *The revenues available pursuant to Section 64135*  
4 *may be used directly for any of the lawful purposes of the*  
5 *housing and infrastructure financing district, may be*  
6 *accumulated for a period not to exceed five years to provide a*  
7 *fund for that work, or may be pledged to pay the principal of, and*  
8 *interest on, bonds issued pursuant to Section 64140.*

9     64131. (a) *A housing and infrastructure financing district*  
10 *may finance the purchase, construction, expansion, improvement,*  
11 *seismic retrofit, or rehabilitation of any real or other tangible*  
12 *property with an estimated useful life of 15 years or longer that*  
13 *satisfies the requirements of subdivision (b), and may finance*  
14 *planning and design work that is directly related to the purchase,*  
15 *construction, expansion, or rehabilitation of that property.*

16     (b) *A housing and infrastructure financing district may finance*  
17 *housing and public facilities, including, but not limited to, all of*  
18 *the following:*

19     (1) *Interchanges, ramps and bridges, arterial streets, parking*  
20 *facilities, and transit facilities.*

21     (2) *Sewage treatment and water reclamation plants and*  
22 *interceptor pipes.*

23     (3) *Facilities for the collection and treatment of water for*  
24 *urban uses.*

25     (4) *Child care facilities.*

26     (5) *Libraries.*

27     (6) *Parks, recreational facilities, and open space.*

28     (7) *Facilities for the transfer and disposal of solid waste,*  
29 *including transfer stations and vehicles.*

30     (8) *Housing.*

31     (c) *A district that finances dwelling units shall ensure that 15*  
32 *percent of the housing developed within the zone is affordable for*  
33 *low- and moderate-income families, with not less than 5 percent*  
34 *affordable to very low income families, 5 percent affordable to*  
35 *low-income families, and 5 percent affordable to*  
36 *moderate-income families.*

37     64135. (a) *A housing and infrastructure plan adopted*  
38 *pursuant to Section 64125 may contain a provision that taxes, if*  
39 *any, levied upon taxable property in the area included within the*  
40 *plan each year by or for the benefit of school entities or the city*

1 or unincorporated area of the county in which the zone is located  
2 after the effective date of the resolution or ordinance approving  
3 the plan in an amount not to exceed the amount approved by  
4 resolution adopted pursuant to paragraph (b) of Section 64125,  
5 shall be divided as follows:

6 (1) (A) That portion of the taxes that would be produced by  
7 the rate upon which the tax is levied each year by or for each of  
8 the school entities and the local government upon the total sum  
9 of the assessed value of the taxable property in the housing and  
10 infrastructure zone as shown upon the assessment roll used in  
11 connection with the taxation of that property by the school  
12 entities and the local government, last equalized before the  
13 effective date of the ordinance or resolution, shall be allocated to  
14 and when collected shall be paid to the respective school entities  
15 and the local government as taxes by or for the school entities  
16 and the local government on all other property are paid.

17 (B) For the purpose of allocating taxes levied by or for any  
18 school entity that did not include the territory in a zone on the  
19 effective date of the ordinance or resolution, but to which that  
20 territory has been annexed or otherwise included after that  
21 effective date, the assessment roll of the county last equalized on  
22 the effective date of the ordinance or resolution shall be used in  
23 determining the assessed valuation of the taxable property in the  
24 project on the effective date.

25 (2) That portion of the levied taxes each year in excess of the  
26 amount identified in paragraph (1), shall be allocated to and  
27 when collected shall be paid into a special fund of the district to  
28 pay the principal of, and interest on, loans, moneys advanced to,  
29 or indebtedness, whether funded, refunded, assumed, or  
30 otherwise, incurred by the district or other payments authorized  
31 by Section 64130 to finance or refinance, in whole or in part, the  
32 plan adopted pursuant to Section 64125. Unless and until the  
33 total assessed valuation of the taxable property in a housing and  
34 infrastructure financing district exceeds the total assessed value  
35 of the taxable property in that project as shown by the last  
36 equalized assessment roll referred to in subdivision (a), all of the  
37 taxes levied and collected upon the taxable property in the  
38 district shall be paid to the respective school entities. When the  
39 loans, payments, advances, and indebtedness, if any, and interest  
40 thereon, have been paid, all moneys thereafter received from

1 *taxes upon the taxable property in the district shall be paid to the*  
2 *respective school entities as taxes on all other property are paid.*

3 *(3) That portion of the taxes in excess of the amount identified*  
4 *in subdivision (a) that is attributable to a tax rate levied by a*  
5 *school entity for the purpose of producing revenues in an amount*  
6 *sufficient to make annual repayments of the principal of, and the*  
7 *interest on, any bonded indebtedness for the acquisition or*  
8 *improvement of real property shall be allocated to, and when*  
9 *collected shall be paid into, the fund of that school entity.*

10 *(b) A city or county in which a housing and infrastructure*  
11 *zone is established shall receive an allocation of five hundred*  
12 *dollars (\$500) per year per residential unit constructed within*  
13 *the zone to offset the cost of providing services which are of*  
14 *benefit to that unit. This amount shall increase annually by the*  
15 *increase in the assessed valuation.*

16  
17 *CHAPTER 5. BONDS*  
18

19 *64140. The governing body of the housing and infrastructure*  
20 *financing district may, by majority vote, initiate proceedings to*  
21 *issue bonds pursuant to this chapter by adopting a resolution*  
22 *stating its intent to issue the bonds and providing the following:*

- 23 *(a) The issuance of bonds in one or more series.*  
24 *(b) The principal amount of the bonds.*  
25 *(c) The date the bonds will bear.*  
26 *(d) The date of maturity of the bonds.*  
27 *(e) The denomination of the bonds.*  
28 *(f) The form of the bonds.*  
29 *(g) The manner of execution of the bonds.*  
30 *(h) The medium of payment in which the bonds are payable.*  
31 *(i) The place or manner of payment and any requirements for*  
32 *registration of the bonds.*

33 *(j) The terms of call or redemption, with or without premium.*  
34 *64141. The resolution adopted pursuant to Section 64140*  
35 *shall contain all of the following information:*

- 36 *(a) A description of the housing and public facilities to be*  
37 *financed with the proceeds of the proposed bond issue.*  
38 *(b) The estimated cost of the facilities, the estimated cost of*  
39 *preparing and issuing the bonds, and the principal amount of the*  
40 *proposed bond issuance.*

1 (c) *The maximum interest rate and discount on the proposed*  
2 *bond issuance.*

3 (d) *A determination of the amount of tax revenue available, or*  
4 *estimated to be available, for the payment of the principal of, and*  
5 *interest on, the bonds.*

6 (e) *A finding that the amount necessary to pay the principal of,*  
7 *and interest on, the proposed bond issuance will be less than, or*  
8 *equal to, the amount determined pursuant to subdivision (d).*

9 64142. *The clerk of the governing body shall publish the*  
10 *resolution adopted pursuant to Section 64140 once a day for at*  
11 *least seven successive days in a newspaper published in the city*  
12 *or county at least six days a week, or at least once a week for two*  
13 *successive weeks in a newspaper published in the city or county*  
14 *less than six days a week.*

15 64143. *The governing body may proceed with the issuance of*  
16 *the bonds in accordance with the resolution adopted pursuant to*  
17 *Section 64140 after the close of the publication period set forth*  
18 *in Section 64142.*

19  
20 *CHAPTER 6. FUNDING OVERSIGHT COMMITTEE*  
21

22 64150. *The Funding Oversight Committee is hereby created*  
23 *in state government. The committee shall ascertain facts and*  
24 *make recommendations to the Legislature concerning the*  
25 *housing and infrastructure financing districts established*  
26 *pursuant to this division. The committee shall continue in*  
27 *existence only while the pilot project is in effect, and may meet,*  
28 *act, and conduct its business at any place within this state.*

29 64151. *The Funding Oversight Committee is created for all of*  
30 *the following purposes:*

31 (a) *To determine the impact on the state General Fund of the*  
32 *division of taxes authorized by Section 64135.*

33 (b) *To evaluate the extent to which the implementation of the*  
34 *housing and infrastructure plans has achieved the purposes and*  
35 *intent of the Legislature in enacting this division.*

36 (c) *To evaluate the extent to which the implementation of the*  
37 *housing and infrastructure plans is consistent with the principles*  
38 *included in regional growth blueprints and in Section 65041.1.*



1     64152. *The committee shall consist of the Legislative Analyst,*  
2 *the Director of Housing and Community Development, and the*  
3 *Secretary of the Resources Agency.*

4     64153. *The committee may make rules governing its own*  
5 *proceedings.*

6     64154. (a) *Within 30 days of receiving the recommendations*  
7 *of the Secretary of Business, Transportation and Housing*  
8 *pursuant to Section 64115, and the resolutions adopted pursuant*  
9 *to Section 64125, and every five years thereafter during the time*  
10 *which the pilot project is in effect, the Legislative Analyst shall*  
11 *provide a report to the Funding Oversight Committee, the Joint*  
12 *Legislative Budget Committee, and the relevant housing*  
13 *committee of each house of the Legislature, that calculates the*  
14 *state's contribution to the implementation of the housing and*  
15 *infrastructure plans by the housing and infrastructure financing*  
16 *districts. The state's contribution shall be the sum of the amounts*  
17 *identified in the resolutions adopted pursuant to Section 64125.*

18     (b) *The report shall also include the Legislative Analyst's*  
19 *recommendation on the number of housing and infrastructure*  
20 *zones that should be implemented for that fiscal year and each of*  
21 *the following four fiscal years, based on the condition of the state*  
22 *General Fund.*

23     64155. (a) *For the 2009–10 fiscal year, the committee shall*  
24 *select no fewer than 25 housing and infrastructure zones to*  
25 *implement the adopted housing and infrastructure financing*  
26 *plans, unless the Legislative Analyst has recommended*  
27 *implementation of a lesser number of zones in its report provided*  
28 *pursuant to Section 64154, in which case the committee shall*  
29 *select the lesser number of zones.*

30     (b) *No later than October 1, 2014, the committee shall provide*  
31 *a report to the Legislature that includes all of the following*  
32 *information for the zones selected pursuant to this section:*

33     (1) *A summary of the information received pursuant to Section*  
34 *64160.*

35     (2) *The impact on the state General Fund of the*  
36 *implementation of the housing and infrastructure zones.*

37     (3) *An analysis of the extent to which the implementation of*  
38 *the housing and public facilities financed by the housing and*  
39 *infrastructure financing districts within the housing and*

1 *infrastructure financing zones achieves the purposes and intents*  
2 *of the Legislature in enacting this division.*

3 (4) *An analysis of the extent to which the implementation of*  
4 *the housing and public facilities financed by the districts is*  
5 *consistent with the principles included in regional growth*  
6 *blueprints and in Section 65041.5.*

7 64156. (a) *No later than November 1, 2015, the committee*  
8 *shall select no fewer than 25 additional housing and*  
9 *infrastructure zones to implement the adopted housing and*  
10 *infrastructure financing plans unless the Legislative Analyst has*  
11 *recommended implementation of a lesser number of zones in its*  
12 *report provided pursuant to Section 64154, in which case the*  
13 *committee shall select the lesser number of zones.*

14 (b) *No later than October 1, 2020, the committee shall provide*  
15 *a report to the Legislature including the information described in*  
16 *subdivision (b) of Section 64155.*

17 64157. (a) *No sooner than one year after the submission of*  
18 *the report described in subdivision (b) of Section 64156, and in*  
19 *five-year intervals thereafter, the committee shall select no fewer*  
20 *than 25 additional housing and infrastructure zones to implement*  
21 *the adopted housing and infrastructure financing plans unless*  
22 *the Legislative Analyst has recommended implementation of a*  
23 *lesser number of zones in its report provided pursuant to Section*  
24 *64154, in which case the committee shall select the lesser*  
25 *number of zones.*

26 (b) *The report containing the information described in*  
27 *subdivision (b) of Section 64155 shall be submitted to the*  
28 *Legislature no later than October 1 of the fiscal year that is five*  
29 *years after the selection is made.*

30  
31 *CHAPTER 7. DISTRICT REPORTS*  
32

33 64160. (a) *No later than July 1 of each year in which a*  
34 *housing and infrastructure financing district is in effect, the*  
35 *district shall submit a report to the Funding Oversight*  
36 *Committee that includes all of the following information:*

37 (1) *The amount of money allocated to local governments*  
38 *within the district by the county auditor pursuant to Section*  
39 *64135.*

1     (2) *The number of building permits issued for units approved*  
2 *under the pilot project.*

3     (3) *The purposes for which the money allocated to the local*  
4 *government by the county auditor was used, including any*  
5 *deposits into an account for use within five years' time.*

6     (b) *No later than July 1 of the fifth year after the district is*  
7 *established and every five years thereafter, the district shall*  
8 *submit a report to the Funding Oversight Committee updating*  
9 *the fiscal analysis developed pursuant to Section 64125.*

10    SEC. 3. *If the Commission on State Mandates determines that*  
11 *this act contains costs mandated by the state, reimbursement to*  
12 *local agencies and school districts for those costs shall be made*  
13 *pursuant to Part 7 (commencing with Section 17500) of Division*  
14 *4 of Title 2 of the Government Code.*

15  
16  
17     **All matter omitted in this version of the bill**  
18     **appears in the bill as introduced in the**  
19     **Senate, February 24, 2006. (JR11)**  
20